

Customer Name:

ETRAN Application Number:

SBA Loan Number:

Lender's Loan Number:

SBA Guaranty Fee: \$

7a Loans up to \$350,000 – NON-PLP Processing Method

*Processed under the "old" Small Loan Advantage Processing Method with
reduced underwriting requirements and an abbreviated review by the
Citrus Heights Loan Guaranty Processing Center*

Required Forms & Eligibility: *Forms should be obtained from the SBA's website (www.sba.gov/for-lenders)*

- ☐ Form 1919-Borrower Information Form - To be filled out by the customer/guarantors, 20% or more owners & anyone hired to manage day-to-day operations of the business
- ☐ Form 1920 - To be filled out by the lender
- ☐ Form 912-Statement of Personal History (if required) – if questions 2 or 3 of Form 1919 are answered "yes"
- ☐ Form 601-Agreement of Compliance- if more than \$10,000 in loan funds is being used for construction
- ☐ SBA Form 159-Fee Disclosure Forms and Compensation Agreement if necessary
 - Must be filed if an Agent is used whether the Lender or Borrower pays the agent fee or if Lender charges an application fee
- ☐ Credit Alert Verification Reporting System - Review CAIVRS for Borrower & Guarantors to ensure no delinquent debt with or prior losses to the government. A copy should be kept in the lender's files. CAIVRS USER ID required:
<https://entp.hud.gov/caivrs/public/home.html>
- ☐ IRS 4506-T: Request for Tax Transcripts - required & MUST be reviewed prior to submission to the Loan Guaranty Processing Center (note review in credit memo/credit analysis) Required for SELLER on business acquisition
- ☐ Check franchise registry if necessary <http://www.franchiseregistry.com/>
- ☐ Check www.sam.gov to ensure Agents & employees involved with the loan are not excluded from doing business with the government (employees need only be checked once)
- ☐ Check <http://www.sba.gov/about-sba-services/18351> to ensure Agents involved with the loan are not excluded from doing business with the government
- ☐ Aggregate SBA Loan Amount of \$350,000 or less within 90 days (if not use Standard 7(a) Loan processing method)

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Credit Standards & Analysis: *Credit analysis must be consistent with lender's similarly sized non-guaranteed loan portfolio & must reflect:*

- ☐ Use of Proceeds (sources & uses for entire project is helpful)
- ☐ Credit Score of 140 or greater
- ☐ Brief description of the history of the business
 - Length of time in business
 - Length of time under current management
 - Depth of management experience in this industry or related industry
- ☐ Equity & Debt-to-Worth Analysis
- ☐ Equity Injection Analysis (in line with like sized non-SBA Guaranteed loans)
- ☐ Collateral List including estimated values
- ☐ Affiliate Consideration
 - Size Determination
 - Outstanding Guaranty Eligibility
 - Will the affiliate positively or negatively impact the borrower's repayment ability
- ☐ Owner/Guarantor Analysis (in line with like sized non-SBA Guaranteed loans)
 - Review of Personal Financial Statement
 - Pro-forma debt-to-worth – must be acceptable based upon lender's policies & procedures for similarly sized non-guaranteed loans
 - Equity injection if required for lender's similarly sized non-guaranteed loans
 - Equity injection verification should match verification for lender's similarly sized non-guaranteed loans
- ☐ Credit Elsewhere/reason for guaranty qualification addressed in Credit Analysis

Submission Process – Requesting the Guaranty: *All 7a applications must be submitted via E-Tran with supporting documentation submitted using the document upload feature or send this file with the SBA application number included in the Send This File transmission and formatted in the 10-Tab or LGPC Alternative Submission format*

- ☐ Pre-Screen application & submit via ETRAN https://eweb.sba.gov/gls/dsp_login.cfm
 - Choose 7(a) as the processing method
 - Enter at least the minimum required fields (Borrower & Guarantors' names, addresses, SSN/TINs, phone numbers, DUNS if available)
 - Use Credit Report button to score
 - Score must meet SBA's minimum requirement (currently 140)
 - If score is below 140 application can be submitted for an SBAExpress Guaranty not to exceed 50% or via full 7a standard processing method
 - If Score is acceptable application may be submitted requesting the increased guaranty percentage
 - Complete ETRAN entry
- ☐ Place application information in the 10 Tab ensuring all tabs contain documents
 - If a tab is not applicable or alternative information has been provided make note of that in the packet
 - The 10 Tab can be found online at: <https://www.sba.gov/content/7a-submission-instructions-and-checklist>
 - Upload documents using Document button in ETRAN or via Send this File
 - 1919
 - 1920
 - Lender's Credit Memo
 - Additional Documents depending upon the loan type (appraisal/valuation if real estate; P & S if change in ownership)
 - Draft of the Loan Authorization (use the Authorization Wizard to produce)
 - Include SBA ETRAN Application number, name, email & phone number of the lender's contact person in all Send This File submissions

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Closing Procedures: *SBA documents or bank documents may be used, but they must include SBA specific language; Lenders must use the same closing, disbursement & documentation procedures as for similarly sized non-SBA guaranteed commercial loans. All collateral & other required conditions must be met prior to loan disbursement*

- ☐ Final Loan Authorization will be provided by the Loan Guaranty Processing Center
- ☐ Late Penalty Fee-
 - not to exceed 5% of the regular loan payment
 - must be delinquent more than 10 days
 - SBA will not pay any portion of this fee at time of purchase
- ☐ Prepayment Terms will be outlined in the Loan Authorization
 - No lender pre-payment penalty is allowed
 - Subsidy Recoupment Fee/Pre-Payment Penalty –
 - SBA charges a Subsidy Recoupment Fee on loans with a maturity of 15 years or more (5%, 3%, 1% of the prepayment amount if more than 25% paid in any 1 year)
- ☐ Escrow accounts for taxes &/or insurance cannot exceed 105% of the amount charged in the current year
- ☐ SBA Language for Note & Guaranty
 - ☐ Lender's Note –
 - must be legally enforceable and assignable,
 - have a stated maturity
 - is not payable on demand
 - Contains the following language: *"When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law."*
 - ☐ Lender's Guaranty must contain the following language: *"When SBA is the holder, the Note and this Guarantee will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Guarantee, Guarantor may not claim or assert any local or state law against SBA to deny any obligation, defeat any claims of SBA, or preempt federal law."*
- ☐ Borrower's Certifications – provided at the end of the Loan Authorization must be signed by the Borrower
- ☐ Loan Agreement – provided at the end of the Loan Authorization must be signed by the Borrower & the Lender
- ☐ SBA Form 1846, Statement Regarding Lobbying signed & dated by lender
- ☐ Print a copy of the application using the "REPORTS" button in ETRAN, sign and retain in file
- ☐ Print a copy of the Application Status Report using the "REPORTS" button in ETRAN and retain in the file
- ☐ Payment of the Guaranty fee via www.pay.gov
- ☐ Begin reporting via 1502 (Colson Reporting Services) in the month following SBA issuance of a loan number (report as fully undisbursed if not yet closed)